Economic Development Canada

# ECONOMIC DEVELOPMENT AGENCY OF CANADA FOR THE REGIONS OF QUEBEC

FOR THE PERIOD ENDING MARCH 31, 2013

## DEPARTMENTAL PERFORMANCE REPORT


**Denis Lebel**

Minister of Infrastructure, Communities and Intergovernmental Affairs and Minister of the Economic Development Agency of Canada for the Regions of Quebec



Canada Economic Development for Quebec Regions

Développement économique Canada pour les régions du Québec

Canada

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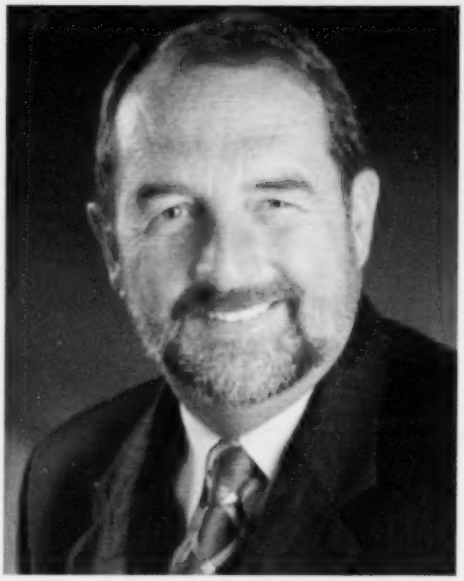
# MESSAGE FROM THE MINISTER



I am pleased to submit the *Departmental Performance Report* of the Economic Development Agency of Canada for the Regions of Quebec (the Agency) for the period ended March 31, 2013.

This year, the Agency continued to support Quebec's economic growth by helping the province's different regions and small and medium-sized enterprises (SMEs) develop and prosper, in order to contribute to building together a stronger, more dynamic Canada.

The Agency invested $247.5 million in Quebec communities during 2012-13, in particular through its new grant and contribution (G&C) program, the *Quebec Economic Development Program* (QEDP).

In effect since April 1, 2012, the QEDP was thus implemented by the Agency for the first year. It integrates an updated vision of regional economic development and enables the organization to meet even more effectively the varied needs of Quebec's regions and enterprises, and to help them in a timely manner meet the challenges posed by the fragile, uncertain global economic context.

To stimulate the economy and employment, in 2012-13, the Agency also began delivery in Quebec over two years of the *Community Infrastructure Improvement Fund* (CIIF). This initiative, which falls under *Canada's Economic Action Plan 2012*, is aimed at upgrading existing community infrastructure across Canada. The first two calls for proposals issued by the Agency in 2012-13 prompted more than 1,300 contribution applications from the different regions of Quebec, indicating the success of the CIIF.

The Agency also deployed efforts to enhance the quality of its services and post efficiency gains by continuing its transformation and modernization projects, as this Report shows.

I am very proud of the results the Agency achieved in 2012-13 on the strength of the commitment and professionalism of its teams. I invite you to read through this Report, which details the tangible results of the programs and initiatives put in place by the Agency in Quebec.

**Denis Lebel**

*Minister of Infrastructure*, Communities and Intergovernmental Affairs and Minister of the Economic Development Agency of Canada for the Regions of Quebec

# SECTION I – ORGANIZATIONAL OVERVIEW

## 1.1 Raison d'être[1] and Responsibilities

**Object**
Under its Act,[2] which came into effect on October 5, 2005, the object of the Agency is to "promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate."

**Strategic Outcome**
The Agency contributes to the growth of Quebec's regional economies.

**Vision**
Quebec regions and enterprises participate to their full potential in the economy of tomorrow, building on their respective assets.

Pursuant to its mission, the Agency fosters the start-up and growth of enterprises, helping them become more competitive, productive, innovative and active on foreign markets. It supports efforts to mobilize the regions and attract investment aimed at increasing the prosperity of the Quebec economy. The Agency also contributes to the dynamism of all Quebec regions by paying special attention to communities posting slow economic growth.

In that regard, the Agency reviewed and updated its Economic Development Index. A rigorously selected series of indicators is used to determine the level of economic development of Quebec's 104 communities[3] and compare them. The Agency thus identifies communities with low economic growth potential, in line with its enabling legislation. Thus, by adjusting its intervention to where the need is greatest, the Agency is able to pay special attention to Quebec's most vulnerable communities.

Through its business offices,[4] the Agency's presence is well-rooted in all Quebec regions. It acts in relation to enterprises – predominantly small and medium-sized enterprises (SMEs) and non-profit organizations (NPOs), which the Agency supports in their development projects by providing financial assistance for project implementation.

1 *2012-13 Part II – Main Estimates*, p. 97: www.tbs-sct.gc.ca/est-pre/20122013/me-bpd/me-bpd-eng.pdf.
2 To consult the text of the *Economic Development Agency of Canada for the Regions of Quebec Act*, visit http://laws-lois.justice.gc.ca/eng/acts/E-1.3/index.html.
3 By "community," the Agency means Quebec's 104 regional county municipalities (RCMs) and equivalent territories.
4 www.dec-ced.gc.ca/eng/business-offices/business.html

The Agency's approach is inspired by the best practices identified with respect to regional economic development. It is:

- **consistent** with government priorities and national strategies in line with its object and anticipated results;
- **geared** to the economic issues and challenges of Quebec's enterprises and its different regions by building on their assets and potential;
- **collaborative** with economic agents, such as local partners, other federal departments and agencies, the Quebec government and municipal organizations.

**Agency Grant and Contribution Programs and Ad-hoc Initiatives in 2012-13**

**Regular Program:**

- *Quebec Economic Development Program* (QEDP)

**Canada-wide Programs Implemented in Quebec by the Agency:**

- *Community Futures Program* (CFP)
- *North American Platform Program* (NAPP)

**Infrastructure Programs:**

- *Building Canada Fund–Quebec* (BCFQ)
- *Municipal Rural Infrastructure Fund* (MRIF)

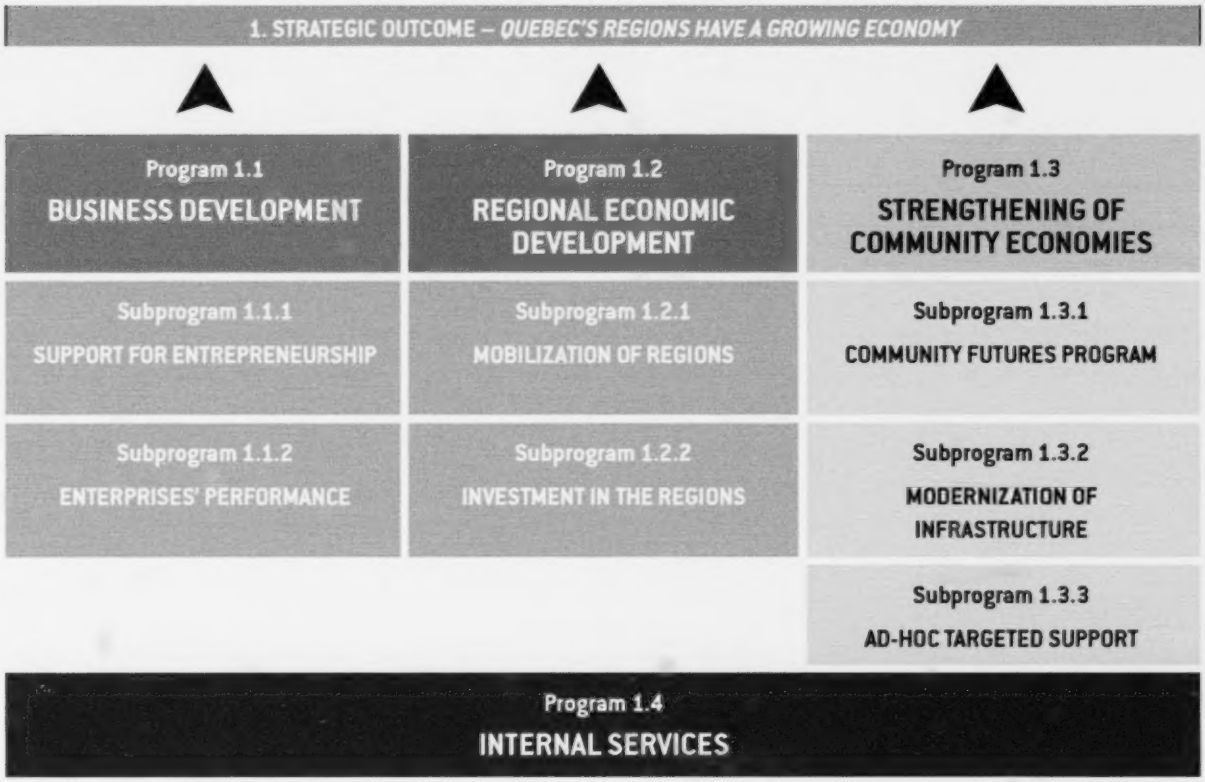
**Ad-hoc Initiatives:**

- *Community Infrastructure Improvement Fund* (CIIF)
- *Linguistic Duality Economic Development Initiative* (EDI)
- *Temporary Initiative for the Strengthening of Quebec's Forest Economies* (TISQFE)
- *Support Initiative for International Cruise Development on the St. Lawrence and Saguenay Rivers* (Cruise Initiative)
- *Contribution Program to Fund Construction of a Gas Pipeline Between Vallée-Jonction and Thetford Mines* (Gas pipeline)
- *Canada-Quebec Agreements to Support Sustainable Management of Quebec Forests*

## 1.2 Strategic Outcome and Program Alignment Architecture

This report is drafted in line with the Agency's management, resources, and results structures. The diagram below therefore illustrates the Agency's strategic outcome and Program Alignment Architecture (PAA) that were in effect in 2012-13.

The PAA presents the four programs and seven subprograms carried out by the Agency,[5] the links among them and the strategic outcome to which they contribute. The PAA is also used for analysing the Agency's financial and human resources and the results achieved.




5 Changes have been made by the Treasury Board Secretariat to the nomenclature of the PAA pursuant to the *Policy on Management, Resources, and Results Structures (Policy on MRRS)*. These changes in terminology have been in effect since April 2012. Consequently, the nomenclature used in this DPR is different from that in its related RPP. The main modifications are as follows: "program activity architecture" becomes "program alignment architecture"; "program activity" becomes "program"; and "program subactivity" becomes "subprogram." Note that a G&C or transfer payment program does not correspond to a PAA program.

## 1.3 Organizational Priorities

Each year, the Agency emphasizes program and management priorities. It establishes its organizational priorities on the basis of the Government of Canada's agenda, Departmental results targets, and the challenges and economic issues facing Quebec's enterprises and regions. During 2012-13, the Agency implemented the following four priorities:

| PRIORITY #1 | TYPE | LINK TO PROGRAM |
|---|---|---|
| ***Support Quebec's economic growth by intensifying support for enterprise development*** | Priority previously committed to during FY 2011-12 (Revised wording) | 1.1 *Business Development* |

**PROGRESS SUMMARY**

- The Agency intensified its support for enterprise development in 2012-13 in order to contribute to Quebec's economic growth. The share of authorized total assistance for this priority rose by 11 percentage points, from 49% in 2011-12 to 60% in 2012-13.[6]
- The Agency signed 228 new contribution agreements in 2012-13, representing $108.6 million in authorized financial assistance. Of these:
  - 50 new contribution agreements were signed to support entrepreneurship. Authorized financial assistance for these projects totalled $18.2 million; and
  - 178 new contribution agreements, totaling $90.4 million in authorized assistance, were signed to foster enterprises' performance. These were new projects aimed at enhancing enterprises' productivity and improving their innovation and technology transfer efforts or their ability to commercialize and export.

| PRIORITY #2 | TYPE | LINK TO PROGRAM |
|---|---|---|
| ***Support Quebec's economic growth by continuing support for the regions' economic development*** | New priority | 1.2 *Regional Economic Development* |

**PROGRESS SUMMARY**

- In line with its priority as defined in the RPP, the Agency signed five new agreements during 2012-13, representing $0.6 million in authorized financial assistance, in order to foster the mobilization of the regions. This was down slightly from the previous year.
- Nevertheless, also in 2012-13, the Agency reported 39 new contribution agreements, representing $21.9 million in authorized financial assistance aimed at supporting regional economic development. Of that number, 34 were approved to stimulate investment in the regions, totalling $21.3 million in authorized financial assistance.

6 In 2012-13, the Agency approved 259 new projects in its "Business Development" PAA program, representing $124.3 million in authorized financial assistance. The discrepancy of 31 projects and $15.7 million from the data presented in Priority #1 is attributable to the exclusion of the Agency's efforts to contribute to the expansion of enterprises and the structuring of networks, so as to respect the intention set out in the RPP 2012-13.

| PRIORITY #3 | TYPE | LINK TO PROGRAM |
|---|---|---|
| ***Continue strengthening community economies by completing implementation of the TISQFE*** | Priority previously committed to during FY 2011-12 (Revised wording) | 1.3 *Strengthening of Community Economies* |

**PROGRESS SUMMARY**

- The Agency continued its financial support in 2012-13 in order to strengthen the economies of communities affected by the forestry crisis. Through the *Temporary Initiative for the Strengthening of Quebec's Forest Economies* (TISQFE), the Agency signed 41 new contribution agreements, representing $9.2 million in authorized financial assistance. The TISQFE ended on March 31, 2013.

| PRIORITY #4 | TYPE | LINK TO PROGRAM |
|---|---|---|
| ***Continue implementation of the transformation and modernization initiative at the Agency*** | Priority previously committed to during FY 2011-12 (Revised wording) | All |

**PROGRESS SUMMARY**

- The Agency continued its transformation and modernization throughout 2012-13.
- For instance, the Agency advanced even further in its initiative to integrate risk into G&C management, with a view to alleviating and simplifying the processes of project analysis and claims processing.
- Also, for the first call for proposals for the CIIF, the Agency enabled its clientele to submit funding applications online via an electronic form. This innovative project was a success, helping bring down file processing times.
- Other examples of transformation and modernization projects carried out in 2012-13 are mentioned in Section II of the Report.

## 1.4 Risk Analysis

Each year, the Agency conducts an update of its Departmental risks based among other things on its economic and institutional environment, mission, priorities, challenges to be met, objectives to be attained and lessons learned in preceding years.

This update takes shape in the Departmental risk profile, which also includes mitigation strategies for each Departmental risk and identifies Agency branches responsible accordingly. It is linked to Departmental planning so that the risks are known and mitigated in the plans of all sectors of the organization. Risks and mitigation strategies are monitored frequently during the year at the same time as the action provided for in integrated Departmental planning.

In 2012-13, in the context of the implementation of the savings measures in the *Deficit Reduction Action Plan* and the introduction of other modernization and transformation measures, the Agency had identified four risks: change management, human resources management, information management and finally economic risk and institutional capability. During the year, the Agency implemented the planned mitigation strategies, thus managing its risk and achieving the planned results.

The following table presents mitigation strategies implemented in 2012-13.

| CORPORATE RISKS | RISK MITIGATION STRATEGIES | LINK TO PAA | LINK TO PRIORITIES |
|---|---|---|---|
| **Change management in a context of transformation of the Public Service**<br>Risk that the planned implementation of the Agency's pillars for modernization and change management may be affected. | • Ongoing watch of government transformation initiatives carried out with influence on decision-making processes through active participation on committees.<br>• Regular review of Agency priorities.<br>• Communications plan with respect to the Agency's transformation areas. | Strategic Outcome – *Quebec's regions have a growing economy* | #4 |
| **Human Resources Management**<br>Risk that the Agency may not have sufficient capacity to attain its results and maintain compliance with all reporting requirements. | • Regular tracking of activities through integrated planning and reallocation of resources on the basis of needs and priorities.<br>• Integrated HR plan with continuous monitoring and action plan in response to the Public Service Employee Survey.<br>• Training sessions on the new Values and Ethics Code and on HR resources and tools available for employees.<br>• Continued discussions with labour unions. | Strategic Outcome – *Quebec's regions have a growing economy* | #1, 2, 3 and 4 |

| CORPORATE RISKS | RISK MITIGATION STRATEGIES | LINK TO PAA | LINK TO PRIORITIES |
|---|---|---|---|
| **Information Management**<br>Risk that the Agency may not have reliable, relevant information on a timely basis to support its decision-making, reporting and transformation needs. | • Systematic, consistent documentation of decision-making.<br>• Evolution of dashboards as required to support decision-making and promotion of their use.<br>• Staff training and tracking to ensure consistency and integrity of information in the systems.<br>• Information management strategy for the transition to electronic document management. | Strategic Outcome – *Quebec's regions have a growing economy* | #1, 2, 3 and 4 |
| **Economic Risk and Institutional Capacity**<br>Risk that the pursuit of priorities and results expected from the Agency's economic development programs may be affected (negatively or positively) by the economic context. | • Selection of intervention priorities and drafting of policy statements and intervention tools while conducting ongoing watch.<br>• Consultation of the other regional development agencies, central agencies and other federal departments on a timely basis.<br>• Operational risk policy in the context of the Grant and Contribution Management Framework.<br>• Drafting of an external communications strategy for the Agency, aiming in particular to ensure better positioning and enhancement of the Agency's mission in all regions of Quebec. | Strategic Outcome – *Quebec's regions have a growing economy* | #1, 2 and 3 |

## 1.5 Summary of Performance

This section provides an overview of financial and human resources, along with a summary table portraying the Agency's performance in 2012-13.

**Financial Resources for 2012-13[7] ($ thousands)**

| TOTAL BUDGETARY EXPENDITURES | PLANNED SPENDING | TOTAL AUTHORITIES | ACTUAL SPENDING | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|---|---|
| 300,751 | 300,751 | 314,580 | 296,429 | (4,322) |

The difference between actual spending and the organization's planned spending in 2012-13 was non-significant (-1.5%). Different factors nevertheless account for this marginal difference, including the implementation this year of savings and efficiency measures, which led to a reduction in the organization's expenditures.

This variance is also attributable to the deferral to 2013-14 of most of its additional budget awarded in 2012-13 for delivery in Quebec of the *Community Infrastructure Improvement Fund* (CIIF), a Canada-wide G&C program stemming from *Canada's Economic Action Plan* (CEAP) 2012. In view of the belated receipt of the envelope for the CIIF, the Agency was able to begin its implementation in the different regions in fall 2012.

**Human Resources for 2012-13 (Full-time Equivalents – FTEs)**

| PLANNED | ACTUAL | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| 359 | 332 | (27) |

Over the same period, the Agency used 27 fewer FTEs (-8%) than planned to deliver its mandate in Quebec. This variance stems from the application of savings and efficiency measures.

7 Main Estimates are tabled in Parliament prior to the start of the fiscal year. Planned spending comprises the Main Estimates as well as additional authorities at the time of publication of the *Report on Plans and Priorities*. Total authorities therefore represent Main Estimates plus Supplementary Estimates for the year ending March 31, 2013. The Agency's total actual expenditures correspond to actual expenditures as indicated in the Public Accounts.

**Table 2.1 – Performance Summary for Strategic Outcome and Programs[8,9] ($ thousands)***

Strategic Outcome: Quebec's regions have a growing economy

| PAA PROGRAM | TOTAL BUDGETARY EXPENDITURES 2012-13 | PLANNED SPENDING | | | TOTAL AUTHORITIES 2012-13 | ACTUAL SPENDING | | | ALIGNMENT TO GOVERNMENT OF CANADA OUTCOMES |
|---|---|---|---|---|---|---|---|---|---|
| | | 2012-13 | 2013-14 | 2014-15 | | 2012-13 | 2011-12[10] | 2010-11[11] | |
| Program 1.1 Business Development | 147,706 | 147,706 | 138,822 | 139,264 | 141,594 | 130,483 | N/A | N/A | Strong economic growth<br>www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx |
| Program 1.2 Regional Economic Development | 37,027 | 37,027 | 34,806 | 34,916 | 44,248 | 44,054 | N/A | N/A | Strong economic growth<br>www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx |
| Program 1.3 Strengthening of Community Economies | 96,919 | 96,918 | 35,824 | 31,935 | 106,875 | 102,808 | N/A | N/A | Strong economic growth<br>www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx |
| **Subtotal (Strategic Outcome)** | **281,652** | **281,651** | **209,452** | **206,115** | **292,718** | **277,346** | **282,912** | **456,111** | |

** Since figures are rounded, they may not add up to the total indicated.*

8 This chart includes grant and contribution expenditures and operating expenditures.

9 Main Estimates are tabled in Parliament prior to the start of the fiscal year. Planned spending comprises the Main Estimates as well as additional authorities at the time of publication of the *Report on Plans and Priorities*. Total authorities therefore represent Main Estimates plus Supplementary Estimates for the year ending March 31, 2013. The Agency's total actual expenditures correspond to actual expenditures as indicated in the Public Accounts.

10 Since the Agency made substantial changes to its PAA in 2012, its actual spending for 2010-11 and 2011-12 is available in terms of the old PAA in the Agency's Public Accounts at: http://epe.lac-bac.gc.ca/100/201/301/public_accounts_can/index.html.

11 Idem.

**Table 2.2 – Performance Summary for Internal Services[12] ($ thousands)***

| PAA PROGRAM | TOTAL BUDGETARY EXPENDITURES 2012-13 | PLANNED SPENDING | | | TOTAL AUTHORITIES 2012-13 | ACTUAL SPENDING | | |
|---|---|---|---|---|---|---|---|---|
| | | 2012-13 | 2013-14 | 2014-15 | | 2012-13 | 2011-12 | 2010-11 |
| Program 1.4 – Internal Services | 19,100 | 19,100 | 18,756 | 18,756 | 21,862 | 19,083 | 23,009 | 23,895 |
| **Subtotal (Internal Services)** | **19,100** | **19,100** | **18,756** | **18,756** | **21,862** | **19,083** | **23,009** | **23,895** |

**Excludes amounts allocated to Shared Services Canada.*

**Table 2.3 – Total Performance Summary[13] ($ thousands)***

| STRATEGIC OUTCOME AND INTERNAL SERVICES | TOTAL BUDGETARY EXPENDITURES 2012-13 | PLANNED SPENDING | | | TOTAL AUTHORITIES 2012-13 | ACTUAL SPENDING | | |
|---|---|---|---|---|---|---|---|---|
| | | 2012-13 | 2013-14 | 2014-15 | | 2012-13 | 2011-12 | 2010-11 |
| Strategic Outcome and Internal Services | 300,752 | 300,751 | 228,208 | 224,871 | 314,580 | 296,429 | 305,921 | 480,006 |
| **Total** | **300,752** | **300,751** | **228,208** | **224,871** | **314,580** | **296,429** | **305,921** | **480,006** |

**Excludes amounts allocated to Shared Services Canada. Since figures are rounded, they may not add up to the total indicated.*

12 Main Estimates are tabled in Parliament prior to the start of the fiscal year. Planned spending comprises the Main Estimates as well as additional authorities at the time of publication of the *Report on Plans and Priorities*. Total authorities therefore represent Main Estimates plus Supplementary Estimates for the year ending March 31, 2013. The Agency's total actual spending correspond to actual spending as indicated in the Public Accounts.

13 Idem.

## Performance Analysis by PAA Program

The Agency's actual spending for operations and G&C for 2012-13 totalled $296.4 million, of which $247.5 million was paid to clients in G&C to support the economic growth of Quebec's regions. Thus, the Agency spent some 95% of its G&C budget in 2012-13.

***a. Performance of PAA programs, excluding Internal Services (Table 2.1):***

The Agency's actual spending other than on Internal Services amounted to $277.3 million, accounting for 94% of its total spending for 2012-13, and was divided among its Program Alignment Architecture (PAA) programs as follows:

- 47% of this spending was focussed on "Business Development";
- 37% on "Strengthening of Community Economies"; and
- 16% on "Regional Economic Development."

The Agency's G&C programs are flexible[14] so as to adjust continually to the challenges and issues of Quebec's enterprises and different regions. To that end, the Agency conducts an annual reallocation of the financial resources available internally among its different PAA programs. Thus, the variance between the Agency's forecasts and its actual spending in 2012-13 is attributable to the nature of the projects submitted by promoters and reflects local needs with regard to economic development.

Moreover, the awarding of supplementary appropriations for delivery in Quebec of the *Community Infrastructure Improvement Fund* (CIIF) and the funding from its own budget of the *Canada-Quebec Agreements to Support Sustainable Management of Quebec Forests* are the main reasons why the Agency posts higher actual spending than planned under the "Strengthening of Community Economies" PAA program in 2012-13.

***b. Performance of Internal Services (Table 2.2):***

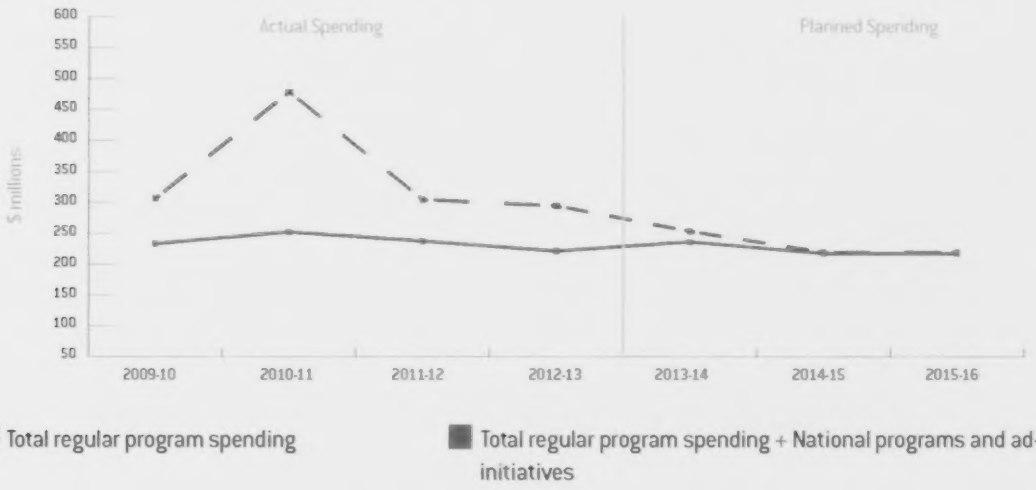
In 2012-13, the Agency's actual spending on the "Internal Services" PAA program corresponded to its forecasts, posting a 17% decline over the previous year. This reduction is the result of the organization's efforts to comply with government deficit reduction policy. Indeed, various measures to optimize the management of public funds were introduced during the year. Consequently, the Internal Services share of the Agency's total expenditures fell from 7.8% in 2011-12 to 6.4% in 2012-13.

14 With the exception of the *Community Infrastructure Improvement Fund* (CIIF).

## 1.6 Expenditure Profile

The figure below illustrates the Agency's actual and planned spending trend over the past four and the next three fiscal years. The doted line shows the Agency's total grant and contribution (G&C) expenditures, while the full line presents spending on its regular G&C program. The difference between the two lines represents expenditures made under targeted ad-hoc initiatives.[15]

**Figure 1: Actual and Planned Spending Trend, April 1, 2009 to April 1, 2016**




First of all, the figure above shows an increase in the Agency's G&C budget between 2009-10 and 2010-11. Since Canada was being shaken by the global economic downturn, the federal government had launched *Canada's Economic Action Plan* (CEAP) to stimulate the country's economy. The Agency had been called upon to contribute, and this had a marked impact on its budget.

In fact, expenditures associated with CEAP initiatives in 2009-10 stood at $113.1 million, increasing in 2010-11 to $202.3 million. Those initiatives terminated on March 31, 2011, except for the *Recreational Infrastructure Canada* (RInC) program, which continued until October 31, 2011 with $13.2 million in expenditures. Thus, as a result of the termination of the CEAP and other ad-hoc initiatives, spending by the Agency began to decline from 2011-12, gradually returning to its core funding.

In three years, Agency spending fell by 38%, from $480 million in 2010-11 to $296.4 million in 2012-13. Aside from the CEAP initiatives, this drop is attributable to the implementation of the measures included in the Agency's *Strategic Review (2010)* and *Deficit Reduction Action Plan* (DRAP, 2012), two Government of Canada priorities aimed at re-establishing a balanced budget by 2015-16 and ensuring sound management of public funds.

15 The Agency's Canada-wide programs and ad-hoc initiatives between April 1, 2009 and April 1, 2016 are: *Infrastructure Canada Program, Canadian Apparel and Textile Industries Program – CANtex component, Social Economy Support Initiative for Quebec, Linguistic Duality Economic Development Initiative, Support Initiative for International Cruise Development, Physical Education and Sport Centre (PEPS) at Laval University, Contribution Program to Supply the Municipality of Shannon with Drinking Water, Community Adjustment Fund, Recreational Infrastructure Canada Program, Building Canada Fund–Quebec, Broadband Network in James Bay, Temporary Initiative for the Strengthening of Quebec's Forest Economies, Program to Finance the Construction of a Natural Gas Pipeline between Vallée-Jonction and Thetford Mines, Montreal Planetarium, Canada–Quebec Agreements to Support Sustainable Management of Quebec Forests* and *Community Infrastructure Improvement Fund.*

The figure above shows that the organization's planned spending will continue to decline in 2014-15, finally levelling off in 2015-16. This forecast is based on the expiry of most of the Agency's ad-hoc initiatives, including the *Temporary Initiative for the Strengthening of Quebec's Forest Economies* (TISQFE, 2009-13), the *Support Initiative for International Cruise Development Along the St. Lawrence and Saguenay Rivers* (2008-13), the *Roadmap for Canada's Linguistic Duality Economic Development Initiative* (EDI, 2008-13), the *Program to Finance the Construction of a Natural Gas Pipeline between Vallée-Jonction and Thetford Mines* (2011-14), the *Montreal Planetarium* (2010-13) and the *Community Infrastructure Improvement Fund* (CIIF, 2012-14).

## 1.7 Estimates by Vote

For information on the Agency's organizational Votes and/or statutory expenditures, please see the *Public Accounts of Canada 2013 (Volume II). An electronic version of the Public Accounts is available on the Public Works and Government Services Canada (PWGSC) website.*[16]

## 1.8 Contribution to the *Federal Sustainable Development Strategy*

The *Federal Sustainable Development Strategy (FSDS)* outlines the Government of Canada's commitment to improving the transparency of environmental decision-making by articulating its key environmental goals and targets.

The Agency ensures that consideration of these outcomes is an integral part of its decision-making processes. It contributes to the following FSDS 2010-13 themes as denoted by the visual identifiers and associated PAA programs below.

| | |
|---|---|
| **Theme I** Addressing Climate Change and Air Quality | ▪ Program 1.1: Business Development |
| **Theme IV** Shrinking the Environmental Footprint - Beginning with Government | ▪ Program 1.4: Internal Services |

In 2012-13, the Agency considered the environmental effects of initiatives subject to the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals.*[17] Through the strategic environmental assessment process, Departmental initiatives were found to have positive environmental effects on goals and targets in Theme I – *Addressing Climate Change and Air Quality.* Further information on the results of strategic environmental assessments is available on the Agency's website.[18]

More detailed information on Agency activities in support of sustainable development is available in Section II of this *Departmental Performance Report and on the Agency's website.*[19]

Further information on the FSDS is also available on the Environment Canada website.[20]

16 www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html
17 www.ceaa.gc.ca/default.asp?lang=en&n=B3186435-1
18 www.dec-ced.gc.ca/eng/agency/environmental-affairs/statements.html
19 www.dec-ced.gc.ca/eng/agency/environmental-affairs/environment.html
20 www.ec.gc.ca/dd-sd/default.asp?lang=En&n=C2844D2D-1%3C

# SECTION II – ANALYSIS OF PROGRAMS AND SUBPROGRAMS BY STRATEGIC OUTCOME

This section provides information on the results of the Economic Development Agency of Canada for the Regions of Quebec (Agency) for 2012-13 in relation to planned outcomes, on the basis of the programs and subprograms in its PAA.[21]

## 2.1 Strategic Outcome #1

The Agency has a single strategic outcome, namely: Quebec's regions have a growing economy. To achieve this, during 2012-13 the Agency implemented the following programs and subprograms, in line with its current PAA:

- Program 1.1 – Business Development:
  - Subprogram 1.1.1 – Support for Entrepreneurship; and
  - Subprogram 1.1.2 – Enterprises' Performance.
- Program 1.2 – Regional Economic Development:
  - Subprogram 1.2.1 – Mobilization of Regions; and
  - Subprogram 1.2.2 – Investment in the Regions.
- Program 1.3 – Strengthening of Community Economies:
  - Subprogram 1.3.1 – Community Futures Program;
  - Subprogram 1.3.2 – Modernization of Infrastructure; and
  - Subprogram 1.3.3 – Ad-hoc Targeted Support.
- Program 1.4 – Internal Services.

21 Further information is available in section 4.2, Additional Information, *Agency Performance Measurement Methodology*. Information on data sources and their processing and reliability is available in Appendix 1 of the DPR: *Technical Notes on Performance Data*.

| STRATEGIC OUTCOME #1: QUEBEC REGIONS HAVE A GROWING ECONOMY | | | |
|---|---|---|---|
| **AGENCY'S OVERALL RESULTS** | | **PERFORMANCE (2012-13)** | |
| Total number of projects supported[22]<br>Total number of projects approved[23]<br>Total actual spending<br>Leverage effect[24] | 933 projects<br>423 projects<br>$247.5 million<br>$2.34 | | |
| **PERFORMANCE INDICATORS** | **GOALS** | **ACTUAL RESULTS[25] (2012-13)** | **GOAL ATTAINMENT DATE** |
| Number of Quebec administrative regions having increased their gross domestic product | 17 | N/A | April 1, 2017 |
| % of Quebec RCMs and equivalent territories having improved their economic performance[26] | 65% | N/A | April 1, 2017 |

### Performance Analysis and Lessons Learned

For 2012-13, the Agency's overall performance was positive. In fact, the Agency contributed to the economic prosperity and growth of Quebec's regions. Between April 1, 2012 and March 31, 2013, it invested more than $247.5 million, directly to enterprises or through intermediary groups, in the implementation of 933 projects. It approved 423 new projects in 2012-13. Below is a summary of highlights of 2012-2013 at the Agency:

***The Agency makes a difference in the regions of Quebec through its action***

- More than 6,100 enterprises and Quebec's 104 communities received financial support in 2012-13 directly from the Agency or through an NPO assisted by the Agency.
- Each dollar spent by the Agency in 2012-13 generated $2.34 in investment in the regions, equivalent to its leverage effect posted in 2011-12 ($2.33).
- Multi-year financial assistance approved by the Agency to the tune of $719.5 million led to $1.7 billion in investment from promoters and other funding sources.
- According to Statistics Canada (2013), the Agency's clients recorded sales, employment level and productivity growth equal to or higher than a control group of non-clients, as well as a higher survival rate over the period 2001-2009[27].

22 The total number of projects supported corresponds to projects for which expenditures were made by the Agency during a given period. The above result excludes projects associated with the "Modernization of Infrastructure" subprogram.

23 The total number of projects approved corresponds to projects newly approved by the Agency during a given period. The above result excludes projects associated with the "Modernization of Infrastructure" subprogram.

24 The leverage effect compares financial assistance approved by the Agency with funding from promoters and other sources. The above result excludes projects associated with the "Modernization of Infrastructure" subprogram.

25 Not applicable. In line with the Agency's Performance Measurement Framework (PMF), performance indicators concerning the organization's strategic outcome are monitored and measured every five years. These data will be available on April 1, 2017.

26 Measured by the progression of the economic variables in the Agency's economic development index (e.g., participation rate, level of entrepreneurship and exporting establishments, value of building permits, productivity, patents and diversification).

27 Statistics Canada (2013), *Economic Impact Study – 2001 to 2010.*

***The Agency fosters the advancement of Canada-wide economic development priorities and strategies in Quebec***

- The Agency designed and delivered in Quebec the Community Infrastructure Improvement Fund (CIIF), a nationwide grant and contribution (G&C) program stemming from *Canada's Economic Action Plan 2012*.
- The Agency fostered the growth of official language minority communities in Quebec, as well, by paying them $2.7 million for 20 projects.
- It also encouraged the regions of Quebec to follow the green economy by funding 122 projects, to the tune of $36.3 million, in connection with sustainable development.
- The Agency promoted Quebec enterprises' capabilities with a view to maximizing in Quebec the spinoffs generated by the Government of Canada's major procurement projects in the aerospace, maritime, defence and security fields.[28]

***The Agency is transforming itself and modernizing its procedures to serve its clients more effectively***

- In the first year of implementation of its new regular G&C program, the *Quebec Economic Development Program* (QEDP), clients' level of satisfaction reached 97%, thus surpassing the Agency's target.[29]
- The Agency focussed its action on four PAA subprograms: Support for Entrepreneurship, Enterprises' Performance, Mobilization of Regions, and Investment in the Regions.
- It simplified its reporting requirements for clients, set up a project for submitting applications for assistance online, reformed its business processes by continuing to integrate risk management into the project life cycle, etc.
- The Agency also reviewed its structure with a view to providing even more effective delivery of its G&C programs in the different regions of Quebec.

The QEDP was designed and delivered effectively, as a result in particular of detailed, realistic planning, rigorous follow-up and co-ordinated deployment. All business office advisors were thus trained on the QEDP and had the appropriate tools available to them to facilitate its delivery even before the program came into effect, in line with the recommendation made in the Agency's formative evaluation of the implementation of its former G&C programs (2010).[30]

28 This involves the Agency's efforts in connection with the Industrial and Regional Benefits (IRB) policy. For further information on the policy, please consult: www.dec-ced.gc.ca/eng/agency/irb/irb.html.

29 Agency, *Annual Customer Satisfaction Survey*, Montreal (2013).

30 Agency, *Formative Evaluation of the Community Diversification and Business and Regional Growth programs*, Montreal (2010) www.dec-ced.gc.ca/eng/publications/agency/evaluation/205/index.html.

## 2.2 Program 1.1 – Business Development

| Strategic Outcome #1 | Program 1.1 | Subprogram 1.1.1 |
|---|---|---|
| QUEBEC'S REGIONS HAVE A GROWING ECONOMY | BUSINESS DEVELOPMENT | SUPPORT FOR ENTREPRENEURSHIP |
| | | Subprogram 1.1.2 |
| | | ENTERPRISES' PERFORMANCE |

### Program Description

The "Business Development" program supports enterprises throughout their life cycle so as to sustain Quebec's economic growth. Enterprises, and SMEs in particular, are an engine of economic development. They are recognized as generating a significant share of economic activity and creating employment in communities.

The Agency contributes to renewal of the pool of enterprises in Quebec by supporting the emergence of new SMEs and business succession. It also works to increase the competitiveness of existing enterprises and support their survival by enhancing their performance. It does so by encouraging them to modernize, expand, launch or extend their export activities, reinforce their innovation capability, commercialize, and establish partnerships.

The Agency acts with regard to "Business Development" through its regular G&C program, the *Quebec Economic Development Program* (QEDP). It intervenes primarily with respect to enterprises and non-profit organizations (NPOs) providing support for enterprises or entrepreneurs.

**Program Financial Resources,[31] 2012-13 ($ thousands)**

| BUDGETARY EXPENDITURES | PLANNED SPENDING | AUTHORITIES[32] | ACTUAL SPENDING | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|---|---|
| 147,706 | 147,706 | 141,594 | 130,483 | (17,223) |

**Program Human Resources,[33] 2012-13 (Full-time Equivalents – FTEs)**

| PLANNED | ACTUAL | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| 158 | 128 | (30) |

31 This table includes grant and contribution expenditures and operating expenditures.

32 Parliamentary authorities are awarded by global vote. So authorities by Program Alignment Architecture (PAA) program are estimates, and are presented as a guide only.

33 The breakdown of human resources by PAA program and subprogram is estimated, and presented as a guide only. For methodological reasons, no conclusion can be drawn from the difference between planned and actual FTEs in 2012-13. This change will be made in the Agency's RPP 2014-15 in the interest of enhanced data quality. In fact, the total number of FTEs is based on the available payroll and average salary for Agency employees. The breakdown of FTEs through the PAA is carried out subsequently. While the RPP 2012-13 breaks down planned FTEs on the basis of G&C commitments, this *Departmental Performance Report* breaks down actual FTEs on the basis of time worked by employees.

**Program Performance Results, 2012-13**

| PROGRAM 1.1: BUSINESS DEVELOPMENT | | | |
|---|---|---|---|
| **OVERALL RESULTS** | **PERFORMANCE** | | |
| Number of projects supported[34] | 541 projects | | |
| Actual spending | $109.4 million | | |
| Share of Agency's actual spending | 44.2% | | |
| **FINAL RESULTS EXPECTED[35] (MEASURABLE AFTER THREE YEARS)** | **PERFORMANCE INDICATORS** | **TARGETS (MARCH 31, 2015)** | **RESULTS (2012-13)** |
| The pool of enterprises in Quebec is renewed | Survival rate after three years of enterprises receiving startup support | 55% | 65% |
| | Survival rate after three years of enterprises receiving transfer support | 60% | N/A[36] |
| Quebec enterprises are competitive | Survival rate after three years of enterprises receiving development support | 75% | 85% |

34 The total number of projects supported corresponds to projects for which expenditures were made by the Agency during a given period.

35 Final results correspond to results obtained in the medium term by projects funded prior to 2012-13 which terminated three years after Agency funding ended. The final results presented in this table are based on data forwarded by promoters from their financial statements and input into the internal system (Hermès).

36 Since the transfer of an existing enterprise to a new generation of entrepreneurs is a new intermediate result targeted by the Agency under the QEDP, final results for those projects will be available only on March 31, 2015.

### Performance Analysis and Lessons Learned

On the basis of the performance obtained in 2012-13 with respect to the "Business Development" program, the Agency considers itself to be on track for attaining its results targets on March 31, 2015.

During 2012-13, the Agency played a major role in renewing the pool of enterprises and enhancing the competitiveness of existing enterprises. It invested more than $109.4 million for the implementation of 541 projects in order to foster enterprises' growth, making this the organization's largest intervention program.

While the first stages in setting up an enterprise are crucial,[37] 65% of enterprises receiving startup support from the Agency were still in operation three years after the termination of the funding awarded. The Agency's performance in this area is therefore higher than both the target and the average survival rate of enterprises in Quebec.[38]

Furthermore, 85% of enterprises assisted in their development efforts were still in operation three years after the termination of Agency funding, or 10 percentage points higher than the objective. Statistics Canada even concluded in a study carried out in 2013 that enterprises receiving Agency support between 2001 and 2009 averaged a higher survival rate than a control group consisting of non-clients after three years of operation.[39]

The Agency backs a variety of projects which do not all represent the same level of risk. To enhance the delivery of its G&C programs and cut red tape for its clients, the Agency reviewed its business processes by continuing to integrate risk management into them systematically throughout the project life cycle (e.g., analysis, monitoring of results and claims, and audit). Thus, time allocated to file management will depend on their level of risk. This transformation is aligned with Chapter 2 of the *Report of the Auditor General of Canada* (2012) on grant and contribution (G&C) program reforms,[40] and is also consistent with a recommendation in the formative evaluation of the Agency's former G&C programs (2010) which thus showed potential efficiency gains.[41]

### Contribution to the *Federal Sustainable Development Strategy*

Under its contribution to Theme I of the FSDS – *Addressing Climate Change and Air Quality*, the Agency funded, to the tune of $10.3 million, the implementation of 55 direct assistance projects in the "Support for Entrepreneurship" and "Enterprises' Performance" subprograms.[42]

These projects are aimed at promoters who could, for instance, start up enterprises in green sectors, meet new requirements (e.g., eco-certification), or implement projects fostering industrial greening (eco-efficiency, recycling, green energy sources), while ensuring enhanced performance for enterprises.[43]

37 Ministère du Développement économique, de l'Innovation et de l'Exportation (Ministry of Economic Development, Innovation and Export Trade) (2008), *Taux de survie des nouvelles entreprises au Québec (Survival rate of new enterprises in Quebec)*, Government of Quebec.

38 Idem.

39 Statistics Canada (2013), *Economic Impact Study – 2001 to 2010.*

40 Office of the Auditor General of Canada (2012), *Chapter 2 – Grant and Contribution Program Reforms* http://www.oag-bvg.gc.ca/internet/English/parl_oag_201210_02_e_37346.html.

41 Agency (2010), *Formative Evaluation of the Community Diversification and Business and Regional Growth programs*, Montreal www.dec-ced.gc.ca/eng/publications/agency/evaluation/205/index.html.

42 These are the two subprograms specifically targeted in the *Departmental Sustainable Development Strategy 2011-2013.*

43 This result does not include projects funded by the Agency through intermediary groups.

## Subprogram 1.1.1 – Support for Entrepreneurship

### Subprogram Description

The "Support for Entrepreneurship" subprogram is aimed at increasing the pool of enterprises in Quebec. Entrepreneurial dynamism is lower in Quebec than in the rest of Canada[44] and is expected to deteriorate in the years to come,[45] primarily as a result of low demographic growth, combined with a Quebec population that is aging more quickly than elsewhere in the country.

The Agency hopes to boost entrepreneurial dynamism throughout Quebec. It does so, on the one hand by encouraging business pre-startups and startups, and on the other hand by supporting the survival of existing enterprises through succession planning and enterprise transfers.

The Agency acts in the "Support for Entrepreneurship" subprogram through its regular grant and contribution (G&C) program, the QEDP. Its intervention takes place in relation to enterprises and NPOs that support enterprises or entrepreneurs, such as entrepreneurship centres, incubators, and transfer and spinoff organizations.

**Subprogram Financial Resources,[46] 2012-13 ($ thousands)**

| PLANNED SPENDING | ACTUAL SPENDING | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 17,353 | N/A |

**Subprogram Human Resources,[47] 2012-13 (Full-time Equivalents – FTEs)**

| PLANNED | ACTUAL | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 19 | N/A |

**Subprogram Performance Results,[48] 2012-13**

| EXPECTED RESULTS | PERFORMANCE INDICATORS | TARGETS (2012-13) | RESULTS OBTAINED (2012-13) |
|---|---|---|---|
| SUBPROGRAM 1.1.1: SUPPORT FOR ENTREPRENEURSHIP | | | |
| Enterprises are started up or transferred | Number of enterprises started up | 100 | 78 |
| | Number of enterprises transferred | 5 | N/A[49] |

44 Fondation de l'entrepreneurship (2010), *Indice entrepreneurial québécois : Qu'est ce que les Québécois ont dans le ventre (Quebec's entrepreneurship index: What are Quebecers made of?)* http://blogue.entrepreneurship.qc.ca/index.php/actualites_fondation/indice-entrepreneurial-2010. http://www.mdeie.gouv.qc.ca/fileadmin/contenu/documents_soutien/apropos/strategies/entrepreneuriat/renouvellement_entrepreneuriat.pdf.

45 MDEIE (2010), *Le renouvellement de l'entrepreneuriat au Québec : un regard sur 2013 et 2018 (Renewing entrepreneurship in Quebec: Looking forward to 2013 and 2018).* http://www.mdeie.gouv.qc.ca/fileadmin/contenu/documents_soutien/apropos/strategies/entrepreneuriat/renouvellement_entrepreneuriat.pdf.

46 This table includes grant and contribution expenditures and operating expenditures.

47 Please see footnote 33.

48 The intermediate results presented in this table are based on data forwarded by promoters, from their financial statements or other supporting documents, and input into the internal system (Hermès).

49 Since the transfer of an existing enterprise to a new generation of entrepreneurs is a new intermediate result targeted by the Agency under the QEDP, this result will be available only on March 31, 2014.

### Performance Analysis and Lessons Learned

In recent federal budgets, entrepreneurship has been a Government of Canada priority.[50] It is also an issue for the Quebec economy of tomorrow on which timely action is required, according to the summative evaluation of the Agency's former G&C programs (2012).[51]

For 2012-13, the performance information available to the Agency in the "Support for Entrepreneurship" subprogram is insufficient to allow it to draw conclusions on its results attained in relation to its targets.

Nevertheless, the Agency considers that it fostered renewal of the pool of enterprises in Quebec during 2012-13. It supported the implementation of 110 projects to stimulate the creation of enterprises or the transfer of existing enterprises to a new generation of entrepreneurs. In 2012-13, the Agency's financial assistance in entrepreneurship amounted to $14.2 million, or 11% less than planned G&C spending. Promoters thus submitted more contribution applications under the other subprograms offered by the Agency.

The Agency also contributed to the startup of 78 new enterprises in Quebec in 2012-13, that is, 22 below its target. This difference is primarily attributable to a change in methodology concerning the definition of a "startup" enterprise,[52] yielding an overestimated target. The necessary corrections were made when the targets were established in the Agency's *Report on Plans and Priorities* (RPP) 2013-14.

Furthermore, in 2012-13, the Agency took steps to enhance its ability to measure the impact of its action on intermediary groups (IGs).[53] In fact, it established an innovative strategy and designed a Web application that automates the data collection process directly at the clientele of organizations assisted by the Agency. Consequently, it expects to have additional information available to report effectively on its intervention, without needlessly imposing additional requirements on its clients.

Increasing entrepreneurial dynamism in the regions of Quebec will remain an Agency priority in the years to come, as indicated in its RPP 2013-14.

50 www.budget.gc.ca/2013/home-accueil-eng.html

51 Agency (2012), *Summative Evaluation of the Community Diversification Program* http://www.dec-ced.gc.ca/docs/rappt-dc-eng.pdf.

52 An enterprise has started up when it has been in operation for at least one year and is generating income amounting to at least 80% of its expenditures. It often takes more than two years for an enterprise to meet the criteria of the Agency's new definition.

53 Agency (2012), *Summative Evaluation of the Community Diversification Program* http://www.dec-ced.gc.ca/docs/rappt-dc-eng.pdf.

## Subprogram 1.1.2 – Enterprises' Performance

### Subprogram Description

The goal of the "Enterprises' Performance" subprogram is to increase Quebec enterprises' performance and competitiveness. The productivity of the Quebec economy is lower than the Canadian average,[54] and productivity gains will be realized among other things through investment carried out by Quebec enterprises.

In fact, in the context of a fragile recovery marked by growing global competition and a strong Canadian dollar, Quebec enterprises wishing to develop or ensure their survival have to innovate and convert their ideas into business opportunities, enhance their productivity and penetrate new markets.

Thus, the Agency accompanies enterprises from the different regions of Quebec to help them meet these challenges. It does so by encouraging them to invest to optimize their production and increase their efforts with respect to innovation, technology transfer, commercialization and exports. The Agency also assists in the structuring of business networks in which enterprises operate.

The Agency acts on "Enterprises' Performance" through its regular grant and contribution (G&C) program, the QEDP. Its intervention in this subprogram is aimed at enterprises and NPOs that support enterprises or entrepreneurs, such as regional export promotion organizations (ORPEXs), college centres for technology transfer (CCTTs) or the Canada Business Network (CBN).[55]

**Subprogram Financial Resources,[56] 2012-13 ($ thousands)**

| PLANNED SPENDING | ACTUAL SPENDING | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 113,130 | N/A |

**Subprogram Human Resources,[57] 2012-13 (Full-time Equivalents – FTEs)**

| PLANNED | ACTUAL | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 109 | N/A |

**Subprogram Performance Results, 2012-13**

| EXPECTED RESULTS | PERFORMANCE INDICATORS | TARGETS (2012-13) | RESULTS OBTAINED (2012-13) |
|---|---|---|---|
| SUBPROGRAM 1.1.2: ENTERPRISES' PERFORMANCE | | | |
| Enterprises improve their performance | Percentage of enterprises supported having maintained or increased their sales or self-generated revenue[58] | 53% | 61% |

54 Ministère des Finances (Ministry of Finance), *Plan budgétaire 2012-2013 (Budget 2012-13)*, Government of Quebec, p. B66 http://www.budget.finances.gouv.qc.ca/Budget/2012-2013/fr/documents/Planbudgetaire.pdf.

55 The CBN is funded from the Agency's operating budget.

56 This table includes grant and contribution expenditures and operating expenditures.

57 Please see footnote 33.

58 With a view to improving the quality and reliability of performance data, the indicators on sales and self-generated revenue have been merged. The Agency made this correction in its Performance Management Framework 2014-15.

### Performance Analysis and Lessons Learned

The Agency's performance in 2012-13 in the "Enterprises' Performance" subprogram exceeded expectations. Despite the slow, fragile economic recovery, Quebec enterprises took advantage of the strong Canadian dollar and low interest rates to invest in machinery, equipment and technology. These various acquisitions enabled enterprises to expand their facilities, optimize their production chains or even develop new products, services and processes. Thus, during 2012-13, the Agency funded 431 projects, to the tune of $95.2 million, to support the prosperity and competitiveness of Quebec enterprises.

As already mentioned, the Agency intervenes directly with enterprises and also reaches them through NPOs. Through its action, the Agency contributed in 2012-13 to the development of more than 3,100 enterprises. Of that number:

- 581 enterprises received support in their productivity and expansion projects;
- 988 enterprises received support in innovation and technology transfer;
- 1,537 enterprises received support in exports and commercialization; and
- 99 enterprises became new exporters.

The Agency also continued its support for Canada Business Network (CBN) service centres in Quebec, namely, Info entrepreneurs in Montreal and Ressources entreprises in Quebec City. These provide information and referral services to guide entrepreneurs toward specialized resources. In 2012-13, these two centres responded to close to 23,100 information requests.

Also, 61% of enterprises supported by the Agency in their projects to improve the performance saw their sales or self-generated revenue increase, or 15% over target (53%). This proportion is even higher for enterprises which carried out projects in innovation and technology transfer (82%) and exports and commercialization (69%).

The summative evaluation of the Agency's former G&C programs also points to the positive impact of its intervention on enterprises' sales.[59] In a study carried out in 2013, Statistics Canada even showed that enterprises receiving Agency financial support increased their revenue on average more than those comprising the control group that did not receive its financial support from 2001 to 2009.[60]

In this subprogram, the Agency works closely with numerous federal and provincial partners in order to serve its clientele more effectively and support their performance. In 2012-13, the Agency produced a directory to provide business office advisors with a practical tool on the Canada-wide requirements and strategies in effect as well as key government funds. Advisors are thus equipped to explore opportunities for completing their clients' financial packages or to redirect them, as required, to the right stakeholders. In addition to contributing to enhancing its customer service, this tool also enables the Agency to ensure the complementarity and added value of its action.

59 Agency (2012), *Summative Evaluation of the Business and Regional Growth Program*, Montreal http://www.dec-ced.gc.ca/eng/publications/agency/evaluation/2011/259/index.html.

60 Statistics Canada (2013), *Economic Impact Study – 2001 to 2010.*

## 2.3 Program 1.2 – Regional Economic Development

| Strategic Outcome #1 | Program 1.2 | Subprogram 1.2.1 |
|---|---|---|
| QUEBEC'S REGIONS HAVE A GROWING ECONOMY | REGIONAL ECONOMIC DEVELOPMENT | MOBILIZATION OF REGIONS |
| | | Subprogram 1.2.2 |
| | | INVESTMENT IN THE REGIONS |

### Program Description

The "Regional Economic Development" program is intended to strengthen the regions' economic base so as to sustain the growth of Quebec's economy. Quebec's regions are set apart, among other things, by their geographical location and industrial structure, and some are more sensitive to economic fluctuations. Quebec's prosperity depends on the participation of the different regions in the economy, to their full potential.

The Agency wishes to contribute to building strong, competitive regions. It does so by supporting local communities as they take charge of their economic development, on the one hand, and by stimulating investment in all Quebec regions, on the other hand.

The Agency acts on "Regional Economic Development" through its regular grant and contribution (G&C) program, the *Quebec Economic Development Program* (QEDP). It intervenes primarily through non-profit organizations (NPOs) active in economic development.

**Program Financial Resources,[61] 2012-13 ($ thousands)**

| BUDGETARY EXPENDITURES | PLANNED SPENDING | AUTHORITIES[62] | ACTUAL SPENDING | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|---|---|
| 37,027 | 37,027 | 44,248 | 44,054 | 7,027 |

**Program Human Resources,[63] 2012-13 (Full-time Equivalents – FTEs)**

| PLANNED | ACTUAL | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| 39 | 12 | (27) |

61 This table includes grants and contributions expenditures and operating expenditures.

62 Parliamentary authorities are awarded by global vote. So authorities by Program Alignment Architecture (PAA) program are estimates, and are presented as a guide only.

63 The breakdown of human resources by PAA program and subprogram is estimated, and presented as a guide only. For methodological reasons, no conclusion can be drawn from the difference between planned and actual FTEs in 2012-13. This change will be made in the Agency's RPP 2014-15 in the interest of enhanced data quality. In fact, the total number of FTEs is based on the available payroll and average salary for Agency employees. The breakdown of FTEs through the PAA is carried out subsequently. While the RPP 2012-13 breaks down planned FTEs on the basis of G&C commitments, this *Departmental Performance Report* breaks down actual FTEs on the basis of time worked by employees.

**Program Performance Results, 2012-13**

| PROGRAM 1.2: REGIONAL ECONOMIC DEVELOPMENT | | | |
|---|---|---|---|
| **OVERALL RESULTS** | **PERFORMANCE** | | |
| Number of projects supported<br>Actual spending<br>Share of Agency's actual spending | 126 projects<br>$39.2 million<br>15.8% | | |
| **FINAL RESULTS EXPECTED (MEASURABLE AFTER THREE YEARS)** | **PERFORMANCE INDICATORS** | **TARGETS (MARCH 31, 2015)** | **RESULTS (2012-13)** |
| Quebec regions have a stronger economic base | Amount of total investment generated in regions supported that have completed implementation of their development project | $90M | $24.2M |
| | Amount of spending by tourists from outside Quebec attracted to the regions supported | $9B | $3.3B |
| | Amount of direct foreign investment maintained or attracted to the regions supported | $1.8B | $866.1M |

### Performance Analysis and Lessons Learned

The performance obtained in 2012-13 under the "Regional Economic Development" program indicates that the Agency is on track for attaining its targets.

During 2012-13, the Agency invested some $39.2 million in 126 projects to strengthen the economic base of Quebec's regions, making this the organization's third largest program.

Throughout the year, the Agency contributed to creating new opportunities in Quebec regions by building on their respective assets. In that regard, it generated $24.2 million in investment in the regions by encouraging local communities, to the tune of $5.9 million, to acquire the community economic facilities necessary for their development.

The Agency also contributed to attracting tourists to the different regions of Quebec from other provinces and outside Canada. Tourisme Québec estimates that they spent $3.3 billion there in the province in 2011.[64]

The Agency also fostered the attraction of investment from foreign firms and international organizations. It contributed, through Montreal International and Quebec International, to attracting and maintaining more than $866 million in investment in 2012. This foreign direct investment was concentrated in the aerospace, life sciences and health technology, and information technology and communications industries.[65]

64 Tourisme Québec (2013), *Le tourisme au Québec en bref – 2011* (*Tourism in Quebec in brief – 2011*). http://www.tourisme.gouv.qc.ca/publications/publication/tourisme-quebec-bref-2011-265.html?categorie=53.

65 Montreal International (2012), *2012 Activity Report* and Quebec International (2012), *Annual Report 2012*.

## Subprogram 1.2.1 – Mobilization of regions

### Subprogram Description

The "Mobilization of Regions" subprogram is aimed at supporting local communities as they take charge of their development so as to strengthen the economic base of Quebec's regions. Local accountability with regard to local economic development and the synergy with which stakeholders interact are success factors in eliciting the establishment of growth-generating projects.

The Agency sustains the growth and diversification of Quebec communities by supporting mobilization of and joint action by the various stakeholders, planning of their economic development, solicitation, pursuit of funding and implementation of structuring, recovery or diversification initiatives.

The Agency acts on the "Mobilization of Regions" through its regular grant and contribution (G&C) program, the QEDP. It intervenes primarily through NPOs with an economic role, such as Community Economic Development Corporations (CEDCs).

**Subprogram Financial Resources,[66] 2012-13 ($ thousands)**

| PLANNED SPENDING | ACTUAL SPENDING | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 6,035 | N/A |

**Subprogram Human Resources,[67] 2012-13 (Full-time Equivalents – FTEs)**

| PLANNED | ACTUAL | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 6 | N/A |

**Subprogram Performance Results, 2012-13**

| EXPECTED RESULTS | PERFORMANCE INDICATORS | TARGETS (2012-13) | RESULTS (2012-13) |
|---|---|---|---|
| SUBPROGRAM 1.2.1: MOBILIZATION OF REGIONS | | | |
| Communities take charge of their economic development | Percentage of communities supported which implement mobilization projects | 50% | N/A |

66 This table includes grant and contribution expenditures and operating expenditures.

67 Please see footnote 60.

### Performance Analysis and Lessons Learned

In 2012-13, the Agency supported communities engaging in the development and implementation of a diversification or recovery strategy. In fact, it granted $3.6 million for 27 projects under the "Mobilization of regions" subprogram, thereby supporting a total of 14 communities in their mobilization efforts in order to increase their resilience in the face of volatile economic conditions.

These votatile economic conditions include higher prices for forest products and the gradual recovery in the U.S. real property market, which favoured communities dependent on the forestry industry, whereas weakening base metal prices sapped the dynamism of communities heavily dependent on the mining industry. Communities whose economy is based on the manufacturing sector continued to adjust to the competition from emerging nations and a Canadian dollar almost at par with its U.S. counterpart.

A number of communities did benefit from the Agency's support, which helped them meet the economic challenges related to such volatile conditions. The Agency is not in a position to draw any conclusions as to whether or not its targeted outcomes were attained. The Agency intends to remedy the situation by making the necessary corrections to better gauge its performance in the subprogram in the years to come.

Furthermore, the summative evaluation of the Agency's former grant and contribution programs[68] emphasized, among other things, the added value of its intervention in mobilization of the regions. The evaluation mentions, for instance, the organization's financial support to contribute to the economic diversification of Shawinigan following the announcement of the shutdown of the AbitibiBowater Belgo and Rio Tinto Alcan Inc. plants, representing the loss of hundreds of jobs. Through its action, the Agency helped rally the various stakeholders involved around a common vision and a development plan. It also supported the implementation of 30 or so projects emerging from that process.[69]

The Agency's 2009-10 *Departmental Performance Repor*t had underscored the organization's role, following the announcement of the closure of the Goodyear plant, in the recovery and diversification of the Valleyfield economy. Under that project, the Agency participated in the activities of the local committee and provided financial assistance for 10 or so projects stemming from the recovery plan. These led to the startup and modernization of enterprises in the community, strengthening of its economy, and the creation of some 120 jobs.[70]

68 Agency (2012), *Summative Evaluation of the Community Diversification Program* http://www.dec-ced.gc.ca/docs/rappt-dc-eng.pdf.

69 Idem. This is an example of a project used in the case studies carried out for this evaluation.

70 Agency (2010), *Departmental Performance Report of the Economic Development Agency of Canada for the Regions of Quebec for the Period Ending March 31, 2010*, Montreal.

## Subprogram 1.2.2 – Investment in the Regions

### Subprogram Description

The "Investment in the Regions" subprogram is aimed at increasing investment in the different regions of Quebec so as to strengthen their economic activity base. Quebec's regions are faced with global competition, and have to stand out by attracting investment aimed at maximizing their economic growth.[71]

In Quebec, there is a substantial need for investment, particularly foreign direct investment (FDI).[72] Montreal and other large cities receive the lion's share of such capital. Quebec has assets to be promoted, such as access to the North American market, a diversified economy, niches of excellence, skilled workers, an enviable quality of life, abundant resources, a differentiated tourism offering, and more besides.

The Agency supports regions in their efforts to acquire the equipment necessary to harness their assets in order to stimulate business and generate economic spinoffs. It also does so by enhancing promotion of regional assets with a view to increasing tourist spending and the attraction of FDI in the Montreal and Quebec City metropolitan areas through foreign firms and international organizations.

The Agency intervenes in the "Investment in the Regions" subprogram through its regular grant and contribution (G&C) program, the QEDP. In this regard, it focusses on NPOs, such as regional and sectoral tourism associations.

**Subprogram Financial Resources,[73] 2012-13 ($ thousands)**

| PLANNED SPENDING | ACTUAL SPENDING | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 38,019 | N/A |

**Subprogram Human Resources,[74] 2012-13 (Full-time Equivalents – FTEs)**

| PLANNED | ACTUAL | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 6 | N/A |

71 Centre sur la productivité et la prospérité (2010), *Ouverture aux investissements directs étrangers et productivité au Canada (Openness to foreign direct investment and productivity in Canada)*, Montreal, HEC Montréal.

72 Statistics Canada (2012), *Foreign and Domestic Investment in Canada: 2009 to 2011*, CED compilation.

73 This table includes grant and contribution expenditures and operating expenditures.

74 Please see footnote 63.

**Subprogram Performance Results, 2012-13**

| EXPECTED RESULTS | PERFORMANCE INDICATORS | TARGETS (2012-13) | RESULTS (2012-13) |
|---|---|---|---|
| SUBPROGRAM 1.2.2: INVESTMENT IN THE REGIONS | | | |
| Quebec regions attract investment | Percentage of communities supported which implement economic community facility projects | 75% | 77% |
| | Number of tourists from outside Quebec attracted to the regions | 5M | 5,9M |
| | Number of international organizations and foreign firms maintained in or attracted to the regions supported | 25 | 44 |

### Performance Analysis and Lessons Learned

In 2012-13, the Agency's performance in the "Investment in the Regions" subprogram exceeded expectations. The Agency contributed to the competitive positioning efforts of the different regions of Quebec to help them become more attractive and open to the world. It funded 99 projects, to the tune of $35.6 million, in 2012-13 to stimulate different forms of investment in Quebec.

The Agency achieved the expected results as of March 31, 2013. First, 77% of the communities assisted in acquiring community economic facilities essential to their development implemented their projects. These communities received financial support from the Agency, for instance to build the airport and industrial infrastructure necessary for developing the Unmanned Aerial System Centre of Excellence.

The Agency also fostered the international outreach of Quebec's economic, regional and sectoral assets. It supported the commercialization of destinations or major events, such as festivals, to increase the number of tourists visiting and generate economic spinoffs within communities. According to Tourisme Québec, an average of some 6 million tourists a year from outside Quebec visited the province's different regions.[75]

Finally, the attraction of new investment, particularly foreign direct investment, remains a priority for the Government of Canada.[76] The Agency contributed through Montreal International and Quebec International in 2012-13 to maintaining or attracting some 44 foreign firms and international organizations in and to the province.[77] A study conducted by SECOR gauged at close to $220 million the value added generated by international organizations established in Montreal in 2010.[78]

75 Tourisme Québec (2013), *Le tourisme au Québec en bref – 2011 (Tourism in Quebec in brief – 2011)*. This represents the average number of tourists from outside Quebec from 2009 to 2011 so as to eliminate fluctuations resulting from the economic situation.

76 http://www.budget.gc.ca/2013/home-accueil-eng.html

77 Montreal International (2012), *2012 Activity Report* and Quebec International (2012), *Annual Report 2012*.

78 SECOR (2012), *Les retombées économiques associées aux activités des organisations internationales – révision de 2010. (Economic spinoffs associated with international organizations: Update for 2010)*.

## 2.4 Program 1.3 – Strengthening of Community Economies

| Strategic Outcome #1 | Program 1.3 | Subprogram 1.3.1 |
|---|---|---|
| QUEBEC'S REGIONS HAVE A GROWING ECONOMY | STRENGTHENING OF COMMUNITY ECONOMIES | COMMUNITY FUTURES PROGRAM |
| | | Subprogram 1.3.2 |
| | | MODERNIZATION OF INFRASTRUCTURE |
| | | Subprogram 1.3.3 |
| | | AD-HOC TARGETED SUPPORT |

### Program Description

In 2012-13, the Agency designed, administered and implemented Canada-wide programs or targeted ad-hoc initiatives. The goal of all these programs and initiatives was "Strengthening of Community Economies" in order to increase Quebec's economic growth.

The Agency thus supports communities' economic development and ensures sound, effective management of programs devoted to infrastructure for Quebec. It also supports economic activity in Quebec communities sustaining economic shocks, experiencing significant development challenges or grasping business opportunities.

The Agency can act on "Strengthening of Community Economies" through dedicated temporary additional funding from the Government of Canada or specific funds allocated. It intervenes in that regard primarily through enterprises or non-profit organizations (NPOs), such as Community Futures Development Corporations (CFDCs), Business Development Centres (BDCs), etc.

**Program Financial Resources,[79] 2012-13 ($ thousands)**

| BUDGETARY EXPENDITURES | PLANNED SPENDING | AUTHORITIES[80] | ACTUAL SPENDING | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|---|---|
| 96,919 | 96,918 | 106,875 | 102,808 | (5,890) |

**Program Human Resources,[81] 2012-13 (Full-time Equivalents – FTEs)**

| PLANNED | ACTUAL | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| 41 | 51 | 10 |

79 This table includes grant and contribution expenditures and operating expenditures.

80 Parliamentary authorities are awarded by global vote. So authorities by Program Alignment Architecture (PAA) program are estimates, and are presented as a guide only.

81 The breakdown of human resources by PAA program and subprogram is estimated, and presented as a guide only. For methodological reasons, no conclusion can be drawn from the difference between planned and actual FTEs in 2012-13. This change will be made in the Agency's RPP 2014-15 in the interest of enhanced data quality. In fact, the total number of FTEs is based on the available payroll and average salary for Agency employees. The breakdown of FTEs through the PAA is carried out subsequently. While the RPP 2012-13 breaks down planned FTEs on the basis of G&C commitments, this *Departmental Performance Report* breaks down actual FTEs on the basis of time worked by employees.

## Program Performance Results, 2012-13

| 1.3 PROGRAM: STRENGTHENING COMMUNITY ECONOMIES | | | |
|---|---|---|---|
| **OVERALL RESULTS** | **PERFORMANCE** | | |
| Number of projects supported[82] | 266 projects | | |
| Number of Canada-wide programs and ad-hoc initiatives implemented[83] | 11 | | |
| Actual spending | $98.9 million | | |
| Share of Agency's actual spending | 40% | | |
| **EXPECTED FINAL RESULTS (MEASURABLE AFTER THREE YEARS)** | **PERFORMANCE INDICATORS** | **TARGETS (2014-15)** | **RESULTS (2012-13)** |
| Quebec communities have stronger economies | Value of total investment generated in communities:[84] | $1,008.4 M | $544.4 M |
| | •Community Futures Program | $744 M | $226.7 M |
| | •Building Canada Fund and Municipal Rural Infrastructure Fund | $345 M | $57 M[85] |
| | •Temporary Initiative for the Strengthening of Quebec's Forest Economies[86] | $110 M | $143.6 M |
| | •International Cruise Development Initiative[87] | $85.5 M | $54,4 M |
| | •Linguistic Duality Economic Development Initiative[88] | $13,2 M | $11,2 M |
| | •Ad-hoc project: Gas pipeline[89] | $24.7 M | $24,7 M |
| | •Ad-hoc project: Planetarium[90] | $31 M | $48 M |
| | •Two ad-hoc projects: Canada-Quebec Agreements to Support Sustainable Management of Quebec Forests[91] | N/A | $12 M |
| | •Community Infrastructure Improvement Fund[92] | N/A | $23.8 M |

82 The above result excludes projects associated with the "Modernization of Infrastructure" subprogram.

83 The 11 Canada-wide programs and ad-hoc initiatives implemented by the Agency are: *Community Futures Program (CFP)*, *Temporary Initiative for the Strengthening of Quebec's Forest Economies* (TISQFE), *Support Initiative for International Cruise Development Along the St. Lawrence and Saguenay Rivers* (Cruise Initiative), *Roadmap for Canada's Linguistic Duality Economic Development Initiative* (EDI), *Community Infrastructure Improvement Fund* (CIIF), *Program to Fund Construction of a Gas Pipeline Between Vallée Jonction and Thetford Mines, Montreal Planetarium*, two *Canada Quebec Agreements to Support Sustainable Management of Quebec Forests*, *Building Canada Fund* (BCF) and *Municipal Rural Infrastructure Fund* (MRIF).

84 The above result excludes projects associated with the "Modernization of Infrastructure" subprogram.

85 These amounts represent the federal share of funding awarded ($345 million) and disbursements made ($57 million) in 2012-13. Overall, the federal contribution is one-third of total costs of all the projects.

86 Since this initiative terminated March 31, 2013, the Agency established its associated targets for 2012-13.

87 Idem.

88 Idem.

89 Idem.

90 Idem.

91 Since these initiatives were designed during the course of the year, the Agency set the associated target in the RPP 2013-2014.

92 Idem.

### Performance Analysis and Lessons Learned

On the strength of its performance in 2012-13 in the "Strengthening of Community Economies" program, the Agency considers that it is on track for attaining its results targets as of March 31, 2015. In all, the Agency in 2012-13 designed three new initiatives,[93] administered two funds for Infrastructure Canada and continued delivery of six other temporary G&C initiatives in Quebec communities.

Thus, during 2012-13, the Agency invested $98.9 million in 266 projects aimed at the recovery or diversification of the economies of Quebec communities struggling with targeted economic development issues, making this the organization's second-largest program.

Moreover, the Agency's intervention for the "Strengthening of Community Economies" during 2012-13 generated $544.4 million in total investment,[94] more than half the goal targeted by 2015. Three of the organization's five ad-hoc initiatives which terminated March 31, 2013 even exceeded expectations.[95] Nevertheless, two of them, the *Support Initiative for International Cruise Development Along the St. Lawrence and Saguenay Rivers* and the *Roadmap for Canada's Linguistic Duality Economic Development Initiative* (EDI), posted lower-than-projected performance.

There are two reasons for this variance. First, several projects could not be supported by the Agency in 2012-13 under these two ad-hoc initiatives, since the project end dates went beyond the timeframes for the Cruise Initiative and the EDI, namely, March 31, 2013. Furthermore, the Agency received fewer contribution applications from promoters under these two initiatives during 2012-13, and this had an impact on the organization's performance.

93 The three new ad-hoc initiatives drawn up and delivered by the Agency in 2012-13 in Quebec were: the *Community Infrastructure Improvement Fund* (CIIF) and two *Canada–Quebec Agreements to Support Sustainable Management of Quebec Forests*.

94 The above result excludes projects associated with the "Modernization of Infrastructure" subprogram.

95 The Agency's five ad-hoc initiatives which terminated March 31, 2013 were: *Temporary Initiative for the Strengthening of Quebec's Forest Economies* (TISQFE), *Support Initiative for International Cruise Development Along the St. Lawrence and Saguenay Rivers* (Cruise Initiative), *Roadmap for Canada's Linguistic Duality Economic Development Initiative* (EDI), *Program to Fund Construction of a Gas Pipeline Between Vallée Jonction and Thetford Mines* and *Montreal Planetarium*.

# Subprogram 1.3.1 – Community Futures Program (CFP)

## Subprogram Description

The "Community Futures Program" (CFP) subprogram is aimed at assisting local economic development in rural areas in order to strengthen the economies of Quebec communities. This subprogram is backed by the Canada-wide G&C program that bears the same name.

The CFP supports rural communities in their efforts to adjust continually to the economic situation. In 2009, the evaluation of the CFP confirmed the timeliness of this program, since rural communities' economic performance is weaker than the Quebec average.[96] By means of this subprogram, the Agency encourages Quebec rural communities' planning and socio-economic development, access to capital, availability of consulting services and support for local projects.

The Agency delivers the CFP in Quebec through Community Futures Development Corporations (CFDCs) and Business Development Centres (BDCs), by means of contribution agreements.

**Subprogram Financial Resources,[97] 2012-13 ($ thousands)**

| PLANNED SPENDING | ACTUAL SPENDING | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 29,488 | N/A |

**Subprogram Human Resources,[98] 2012-13 (Full-time Equivalents – FTEs)**

| PLANNED | ACTUAL | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 11 | N/A |

**Subprogram Performance Results, 2012-13**

| EXPECTED RESULTS | PERFORMANCE INDICATORS | TARGETS (2012-13) | RESULTS (2012-13) |
|---|---|---|---|
| SUBPROGRAM 1.3.1: COMMUNITY FUTURES PROGRAM (CFP) | | | |
| Communities are economically sustainable | Number of economic development initiatives implemented in communities following support from CFDCs | 260 | 290 |
| | Percentage of entrepreneurs undertaking pre-startup, startup or acquisition of an enterprise with support from CFDCs and BDCs | 49% | 65% |
| | Percentage of enterprises carrying out recovery, expansion or modernization projects with support from CFDCs and BDCs | 83% | 75% |

96 Agency (2009), *Evaluation of the Community Futures Program in Quebec – Final Report* www.dec-ced.gc.ca/eng/publications/agency/evaluation/155/index.html.

97 This table includes grant and contribution expenditures and operating expenditures.

98 Please see footnote 81.

### Performance Analysis and Lessons Learned

The performance obtained by the Agency in the "Community Futures Program" subprogram met expectations in 2012-13. The Agency provided financial support to 56 CFDCs located in designated rural regions, as well as 10 BDCs in disadvantaged peri-urban areas. During 2012-13, the agency paid some $28.6 million to those organizations to help them implement 1,861 projects with a view to strengthening the economies of Quebec's rural communities.

The Agency also attained its results targets as of March 31, 2013. Indeed, the Agency contributed in 2012-13, through CFDCs and BDCs, to implementing 290 economic development initiatives in communities, or 30 more than its target. With the assistance of CFDCs and BDCs, 65% of the entrepreneurs supported carried out the pre-startup, startup or acquisition of an enterprise (target: 49%), while 75% of enterprises carried out their recovery, expansion or modernization projects (target: 83%).

Furthermore, the Agency undertook in 2012-13 the review and simplification of performance measurement for the CFP. Thus, it worked in conjunction with its various collaborators to reduce significantly the number of indicators collected with a view to evaluating the performance of its assistance to the CFDCs' and BDCs' clients. The Agency is concerned to increase its efficiency and enhance its customer service by, among other things, reducing clients' reporting burden.

## Subprogram 1.3.2 – Modernization of Infrastructure

### Subprogram Description

The "Modernization of Infrastructure" subprogram is aimed at ensuring sound, effective management of infrastructure programs in order to strengthen the economy of Quebec's communities. Public infrastructure is a key factor in economic development.

The Agency acts as Infrastructure Canada's delivery partner for the administration in Quebec of their different programs, including the *Building Canada Fund* (BCF, Communities component and Large Urban Centres component) and the *Municipal Rural Infrastructure Fund*.

These grant and contribution programs are the subject of agreements between Infrastructure Canada and the Quebec government, and are aimed primarily at municipalities.

**Subprogram Financial Resources,[99] 2012-13 ($ thousands)**

| PLANNED SPENDING | ACTUAL SPENDING | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 292 | N/A |

**Subprogram Human Resources,[100] 2012-13 (Full-time Equivalents – FTEs)**

| PLANNED | ACTUAL | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 5 | N/A |

**Subprogram Performance Results, 2012-13**

| EXPECTED RESULTS | PERFORMANCE INDICATORS | TARGETS (2012-13) | RESULTS (2012-13) |
|---|---|---|---|
| **SUBPROGRAM 1.3.2: MODERNIZATION OF INFRASTRUCTURE** | | | |
| Quebec communities have upgraded public infrastructure | Number of communities[101] with public infrastructure completed according to the terms of the contribution agreement | 118 | 109 |

99 This table includes grant and contribution expenditures and operating expenditures.

100 Please see footnote 81.

101 The geographical breakdown of Quebec differs within the framework of the "Modernization of Infrastructure" subprogram compared with the rest of the Agency's PAA, in order to facilitate its collaboration with the Quebec government.

**Performance Analysis and Lessons Learned**

The performance obtained by the Agency during 2012-13 in the "Modernization of Infrastructure" subprogram met expectations. For 2012-13, the Agency acted as Infrastructure Canada's delivery partner for the administration in Quebec regions of two grant and contribution programs, the *Building Canada Fund* (BCF) and the *Municipal Rural Infrastructure Fund* (MRIF). It thus administered 161 projects in 2012-13 so that Quebec communities could have upgraded public infrastructure. The Agency gauges at 109 the number of communities benefiting from public infrastructure completed as of March 31, 2013, or eight communities below the number targeted by the organization.

Since the majority of infrastructure projects funded under these programs are carried out by municipalities, the Agency works closely with the provincial government through Canada-Quebec agreements. Indeed, a recent Infrastructure Canada evaluation acknowledges that federal delivery partners, the Agency among them, have fostered optimization of program delivery through their expertise and knowledge of regional operations.[102]

Performance highlights with respect to infrastructure programs may be found in Infrastructure Canada's Departmental Performance Reports.[103]

102 Infrastructure Canada, *Summative Evaluation Report: ICP Final Report* (2010) http://www.infrastructure.gc.ca/pd-dp/eval/2010-10-26-ICP-PIC-ES-eng.html.

103 Refer to the Infrastructure Canada website http://www.infrastructure.gc.ca/.

## Subprogram 1.3.3 – Targeted Ad-hoc Support

### Subprogram Description

The "Targeted Ad-hoc Support" subprogram is aimed at providing ad-hoc support for Quebec communities' economic activity in order to stabilize or strengthen their economies. The shifting context requires a real-time response that is geared to the most pressing local needs and consistent with specific government priorities.

The Agency is able to support Quebec communities facing economic shocks, natural disasters or situations that can have an adverse impact on their economic development, and that are facing serious economic development issues or are presented with development opportunities likely to have a positive impact on the regions.

The "Targeted Ad-hoc Support" subprogram is aimed primarily at enterprises and NPOs. The Agency intervenes in that regard through temporary additional funding from the Government of Canada or specific funds allocated by the Agency from its own budget.

**Subprogram Financial Resources,[104] 2012-13 ($ thousands)**

| PLANNED SPENDING | ACTUAL SPENDING | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 73,029 | N/A |

**Subprogram Human Resources,[105] 2012-13 (Full-time Equivalents– FTEs)**

| PLANNED | ACTUAL | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| N/A | 35 | N/A |

104 This table includes grant and contribution expenditures and operating expenditures.
105 Please see footnote 81.

**Subprogram Performance Results, 2012-13**

| EXPECTED RESULTS | PERFORMANCE INDICATORS | TARGETS (2012-13) | RESULTS (2012-13) |
|---|---|---|---|
| **SUBPROGRAM 1.3.3: TARGETED AD-HOC SUPPORT** | | | |
| Communities have ad-hoc support available for stabilizing or strengthening their economies | Percentage of communities supported receiving ad-hoc support: | | |
| | • Temporary Initiative for the Strengthening of Quebec's Forest Economies | 100% | 87% |
| | • International Cruise Development Initiative | 100% | 100% |
| | • Linguistic Duality Economic Development Initiative | 30% | 44% |
| | • Ad-hoc project: Gas pipeline | 100% | 100% |
| | • Ad-hoc project: Planetarium | 100% | 100% |

### Performance Analysis and Lessons Learned

For 2012-13, the Agency's performance in the "Targeted Ad-hoc Support" subprogram met expectations. The Agency paid $70.3 million to support the implementation of 195 projects through eight temporary initiatives, three of them newly designed,[106] to cater in real time to local needs and government priorities. In this way, it provided temporary support for economic activity in almost all the communities targeted in 2012-13 in order to stabilize or strengthen their economies. The initiatives include the following:

***Support Initiative for International Cruise Development on the St. Lawrence and Saguenay Rivers (Cruise Initiative)***

The Agency also contributed to the economic diversification of all regions targeted by the Cruise Initiative by promoting international cruise line stopovers in six ports—Saguenay, Baie-Comeau, Havre-Saint-Pierre, the Gaspé, Sept-Îles and Cap-aux-Meules. The Agency paid some $12.3 million distributed among 24 projects in 2012-13. The evaluation of the Cruise Initiative conducted in 2010 emphasized the good practices promoted by the Agency in both its design and its delivery stages. Its efforts toward joint action with the various stakeholders and its federal-provincial co-ordination are acknowledged as a success factor by industry respondents.[107]

***Temporary Initiative for the Strengthening of Quebec's Forest Economies (TISQFE)***

In 2012-13, the Agency provided assistance in 87% of the communities affected by the forestry crisis by contributing to diversifying and strengthening their economies so as to maintain and create jobs there. This year, the Agency funded 115 projects under the TISQFE, totaling $22.7 million in expenditures. The TISQFE terminated on March 31, 2013.

***Linguistic Duality Economic Development Initiative (EDI)***

Through the EDI, the Agency stimulated the economic development of official language minority communities (OLMCs) in Quebec. In 2012-13 the Agency supported 20 projects, to the tune of $2.7 million, and intervened in all the OLMCs listed in Quebec. The evaluation of the EDI confirms that the Agency attained most of its targets and that the initiative led to positive spinoffs.[108] Under the *Roadmap for Canada's Official Languages 2013-2018: Education, Immigration, Communities*, the Agency intends in the years to come to continue supporting Quebec's OLMCs.

106 The three new ad-hoc initiatives drawn up and delivered by the Agency in 2012-13 in Quebec are: the *Community Infrastructure Improvement Fund* (CIIF) and the two *Canada-Quebec Agreements to Support Sustainable Management of Quebec Forests*.

107 Agency, *Implementation Evaluation of the Support Initiative for International Cruise Development on the St. Lawrence and Saguenay Rivers* (2012) www.dec-ced.gc.ca/eng/publications/agency/evaluation/2011/264/index.html.

108 Goss Gilroy Inc., *Évaluation de la composante IDE de la Feuille de route – DEC (Evaluation of the Roadmap EDI component – CED)* (Ottawa, 2012), p. 26 [available in French only].

***Community Infrastructure Improvement Fund (CIIF)***

The Agency also delivered for the first year the CIIF, a Canada-wide grant and contribution program stemming from CEAP 2012 that will terminate on March 31, 2014. Through the CIIF, it supports the rehabilitation, improvement or expansion of existing local infrastructure. In 2012-13, the Agency carried out two calls for proposals. In response to the first call, 542 applications for assistance under the CIIF were received. Of that number, the Agency approved 76 new projects and supported the implementation of 32 projects in 2012-13, for which expenditures totalled $1.5 million. Following the second call for proposals, 770 applications for assistance were submitted to the Agency, and these are currently being processed.

***Ad-hoc Projects***

During 2012-13, the Agency delivered four major ad-hoc projects, representing $31.1 million in investment: *Program to Fund Construction of a Gas Pipeline Between Vallée-Jonction and Thetford Mines, Montreal Planetarium* and two *Canada-Quebec Agreements to Support Sustainable Management of Quebec Forests.*

## 2.5 Program 1.4 – Internal Services

| Strategic Outcome #1 | Program 1.4 | No subprograms |
|---|---|---|
| QUEBEC'S REGIONS HAVE A GROWING ECONOMY | INTERNAL SERVICES | • Communications services<br>• Human resources services<br>• Financial management services<br>• Legal services<br>• Etc. |

### Program Description

Internal services are groups of related activities and resources that are administered to meet the needs of an organization's programs and other general obligations. They include: management and monitoring services, communications services, legal services, human resources management services, financial management services, information management services, information technology services, asset management services, materiel management services, acquisitions management services, travel management services and other administrative services. Internal services include only those activities and resources directed at the organization as a whole, and not those provided solely to a specific program.

**Program Financial Resources, 2012-13 ($ thousands)**

| BUDGETARY EXPENDITURES | PLANNED SPENDING | AUTHORITIES[109] | ACTUAL SPENDING | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|---|---|
| 19,100 | 19,100 | 21,862 | 19,083 | (17) |

**Program Human Resources,[110] 2012-13 (Full-time Equivalents – FTEs)**

| PLANNED | ACTUAL | DIFFERENCE (PLANNED VS. ACTUAL) |
|---|---|---|
| 121 | 141 | 20 |

109 Parliamentary authorities are awarded by global vote. So authorities by Program Alignment Architecture (PAA) program are estimates, and are presented as a guide only.

110 The breakdown of human resources by PAA program and subprogram is estimated, and presented as a guide only. For methodological reasons, no conclusion can be drawn from the difference between planned and actual FTEs in 2012-13. This change will be made in the Agency's RPP 2014-15 in the interest of enhanced data quality. In fact, the total number of FTEs is based on the available payroll and average salary for Agency employees. The breakdown of FTEs through the PAA is carried out subsequently. While the RPP 2012-13 breaks down planned FTEs on the basis of G&C commitments, this *Departmental Performance Report* breaks down actual FTEs on the basis of time worked by employees.

**Performance Analysis**

In 2012-13 there was a positive difference of 20 FTEs between planned and actual levels of consumption of human resources under the "Internal Services" PAA program. This difference is largely attributable to the organizational restructuring within the Agency along with the different work organization following the implementation this year of savings and efficiency measures.

By contrast, as mentioned in Section I of this Report, the Agency's actual spending and human resources devoted to its "Internal Services" in 2012-13 were down from the previous year, in line with government policy.

## Contribution to the *Federal Sustainable Development Strategy*

The Agency is a participant in the *Federal Sustainable Development Strategy* (FSDS) and contributes to the Greening Government Operations targets through the "Internal Services" program. In particular, the Agency contributes to the following elements of Theme IV of the FSDS:

- Surplus electronic and electrical equipment
- Printing unit reduction
- Paper consumption
- Green meetings
- Green procurement

For further information on the Agency's Greening Government Operations activities, please see the Supplementary Information tables in Section III of this Report at: http://www.dec-ced.gc.ca/eng/publications/agency/dpr/2013-2014/280/index.html#sectn_4.

# SECTION III – SUPPLEMENTARY INFORMATION

## 3.1 Financial Statements Highlights

The financial highlights presented below provide an overview of the Agency's financial position and operations. The unaudited financial statements are drawn up in accordance with government accounting policies, which are based on Canadian generally accepted accounting principles for the public sector.

Note that actual spending presented in the tables in Sections I and II of the Report were prepared on a cash basis, while the financial highlights that follow were prepared on an accrual basis. Tables reconciling these two accounting methods are presented in the Notes to the Agency's financial statements (note 3).

### 3.1.1 Condensed Statement of Operations and Departmental Net Financial Position

**ECONOMIC DEVELOPMENT AGENCY OF CANADA FOR THE REGIONS OF QUEBEC**
**CONDENSED STATEMENT OF OPERATIONS AND DEPARTMENTAL NET FINANCIAL POSITION (UNAUDITED)**
FOR THE YEAR ENDED MARCH 31, 2013
**($ THOUSANDS)**

| | PLANNED RESULTS[111] 2012-13 (RECALCULATED) | ACTUAL RESULTS 2012-13 | ACTUAL RESULTS[112] 2011-12 | $ CHANGE (2012-13 PLANNED VS. ACTUAL) | $ CHANGE (2012-13 ACTUAL VS. 2011-12 ACTUAL) |
|---|---|---|---|---|---|
| Total expenses | 233,769 | 224,220 | 226,405 | (9,549) | (2,185) |
| Total revenues | 0 | 0 | 0 | 0 | 0 |
| Net cost of operations before government funding and transfers | 233,769 | 224,220 | 226,405 | (9,549) | (2,185) |
| Departmental net financial position | - | (2,750) | (5,800) | - | 3,050 |

111 Planned results for 2012-13 have been adjusted. For further information, please consult note 14 to the Agency's financial statements.
112 For comparison purposes, actual results for 2011-12 have been adjusted to reflect activities transferred to Shared Services Canada.

## Expenses

- In 2012-13, the Agency's total expenses[113] stood at $224.2 million, down $2.2 million (1%) from the previous year. This variance is explained by the implementation at the Agency of its *Deficit Reduction Action Plan (DRAP).*
- In fact, operating expenses, such as salaries and professional services, fell 9% from the previous year to $51.8 million as of March 31, 2013, whereas transfer payment expenses, totalling $172.4 million, were up 2% between 2011-12 and 2012-13.
- Table 3.1.1 also shows that the Agency incurred fewer expenses than anticipated in 2012-13 (-$9.5 million). This difference is notably attributable to the measures applied by the Agency in 2012-13 under its DRAP.
- The figure above shows the breakdown of the Agency's total expenses by PAA program as of March 31, 2013:
  - $87.1 million (38.8%) in "Strengthening of Community Economies";
  - $72.6 million (32.4%) in "Business Development";
  - $44.3 million (19.8%) in "Regional Economic Development"; and
  - $20.1 million (9.0%) in "Internal Services."

## Revenues

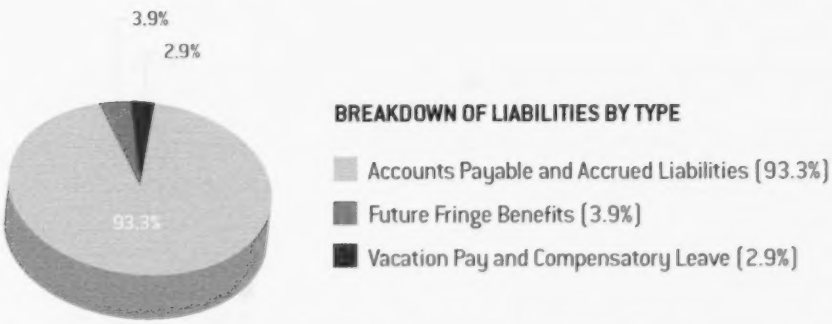
Being returned to the Consolidated Revenue Fund, the Agency's revenues are declared in its financial statements as being earned on the government's behalf, so the organization's net revenues are zero. In 2012-13, the Agency's total gross revenues stood at $606,000, down 30% from the previous year. Clients receiving reimbursable contributions were billed less interest in 2012-13 and were thus better able to meet the repayment terms set out in their agreements with the Agency.

113 Expenses correspond to the economic resources used by the Agency during a period to deliver its PAA programs. Expenses are of two types: (i) transfer payments; and (ii) operating expenses. Expenses differ from the Agency's actual expenditures as presented in sections I and II of the *Departmental Performance Report*, since repayable contributions paid in 2012-13 are accounted for as loans, thus reducing total transfer payment expenses.

## 3.1.2 Condensed Statement of Financial Position

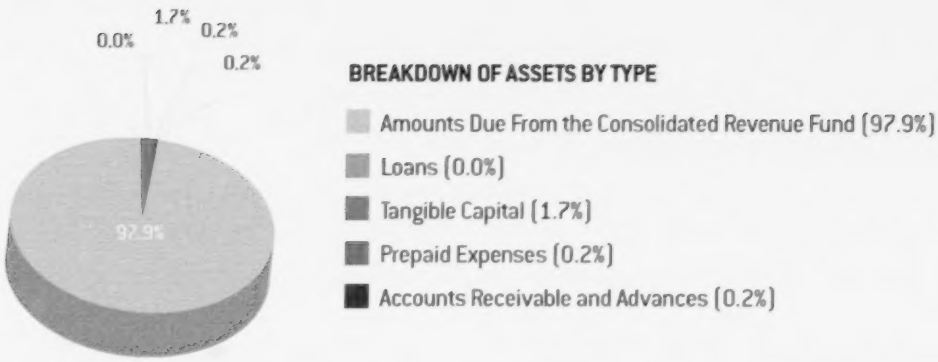
| ECONOMIC DEVELOPMENT AGENCY OF CANADA FOR THE REGIONS OF QUEBEC<br>CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)<br>FOR THE YEAR ENDED MARCH 31, 2013<br>($ THOUSANDS) | | | |
|---|---|---|---|
| | 2012-13 | 2011-12 | $ CHANGE |
| Total net liabilities | 57,378 | 97,391 | (40,013) |
| Total des actifs financiers nets | 53,581 | 89,998 | (36,417) |
| Departmental net debt | 3,797 | 7,393 | (3,596) |
| Total non-financial assets | 1,047 | 1,593 | (546) |
| Departmental net financial position | (2,750) | (5,800) | (3,050) |

## Liabilities




- As of March 31, 2013, the Agency's net liabilities stood at $57.4 million, down 41% from the previous year's total. This decrease is partly attributable to the large sums that had been established in 2011-12 to reflect both:
  - future fringe benefits due to employees affected by the Agency's savings and efficiency measures; and
  - provisions for Infrastructure Canada programs.
- Accounts payable and accrued liabilities represented the largest component of liabilities, at 93.3% ($53.5 million) of the net total, while the obligation for future fringe benefits along with vacation pay and compensatory leave accounted for 3.9% ($2.2 million) and 2.9% ($1.6 million) respectively.

## Assets




- As of March 31, 2013, the Agency's net financial assets stood at $53.6 million, down 40% from the previous year's total. This decrease is attributable among other things to the Agency's reduced accounts payable, as mentioned above. Amounts due from the Consolidated Revenue Fund constitute the largest component (99.8%) of the organization's net financial assets, with the remainder corresponding to accounts receivable and advances (0.2%).
- In return, the Agency's loans held entirely on behalf of the government stood at $257.6 million as of March 31, 2013, up 5% from 2011-12 owing to the increase in repayable contributions paid by the organization.
- Furthermore, the Agency's non-financial assets stood at $1 million as of March 31, 2013, down 34% from the previous year. This decrease is primarily attributable to the reduction in tangible capital following the establishment of the Greater Montreal business office in order to generate efficiency gains.

## 3.2 Financial Statements

The Agency's unaudited financial statements for the fiscal year ending March 31, 2013 and the Core Control Audit report produced by the Office of the Comptroller General of Canada along with the related Management Action Plan are available on its website: http://www.dec-ced.gc.ca/eng/publications/agency/dpr/2013-2014/291/index.html

## 3.3 Supplementary Information Tables

Electronic supplementary information tables listed in the *2012-13 Departmental Performance Report* can be found on the Agency's website: http://www.dec-ced.gc.ca/eng/publications/agency/dpr/2013-2014/280/index.html#sectn_4

- Details on Transfer Payment Programs;
- Greening Government Operations;
- Internal Audits and Evaluations;
- Response to Parliamentary Committees and External Audits;
- Sources of Non-Respendable Revenue; and
- User Fees Reporting.

## 3.4 Tax Expenditures and Evaluations Report

The tax system can be used to achieve public policy objectives through the application of special measures, such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures annually in its *Tax Expenditures and Evaluations publication*, available online at www.fin.gc.ca/taxexp-depfisc/2012/taxexp12-eng.asp. The tax measures presented in that publication are the sole responsibility of the Minister of Finance.

# SECTION IV – OTHER ITEMS OF INTEREST

## 4.1 Organizational Contact Information

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## 4.2 Additional Information

The following information may be found on the Agency's website:

| |
|---|
| ***Agency Programs***: **www.dec-ced.gc.ca/eng/programs/index.html** |
| ***Agency Organizational Chart***: **www.dec-ced.gc.ca/eng/agency/chart/organizational.html** |
| ***Agency Business Offices***: **www.dec-ced.gc.ca/eng/business-offices/business.html** |
| ***Agency Project Submission Guide***: **www.dec-ced.gc.ca/eng/programs/guide.html** |

# AGENCY PERFORMANCE MEASUREMENT METHODOLOGY

## 1. Tracking of Projects

Projects supported by the Agency are tracked by means of a performance data collection system, in place since April 1, 2007. On April 1, 2012, a new Performance Management Framework (PMF) was implemented, reflecting the Agency's new Program Alignment Architecture (PAA) and its new regular program (QEDP). Thus, for 2012-13, project tracking exhibits major improvements, in particular the reduction in the number of indicators, as well as efforts to simplify and automate the management information system (Hermès).

In the field of economic development, expected results are rarely observed during the year of the expenditure. For instance, it is only after one or two years that an enterprise's development activities will have an observable impact on its sales. The same is true for many activities supported through Agency programs, whether in market development, technology transfer or enterprise startups.

To report on the use of funding awarded by the Agency in 2012-13 and on intermediate and final results, two main baselines are used in this report:

- Projects for which an expenditure was made in 2012-13. This baseline tells us about the number of economic development projects which received financial assistance from the Agency and the amount of that assistance. This baseline contains data on input indicators.
- Projects which have reached the scheduled date for attaining longer-term results (e.g., maintaining or increasing sales). This baseline is used to measure the performance of Agency programs with respect to the economic development of Quebec and of enterprises, regions and communities. It contains projects for which expenditures were made prior to 2012-13, primarily between 2007 and 2011.

Moreover, Agency intervention takes place in two ways, through projects involving:

1. direct assistance: by offering financial support to a client, whether an enterprise or an NPO. For instance, a contribution to an enterprise (*client*) wishing to acquire new equipment with a view to modernizing its facility;
2. intermediary groups (IGs): by awarding financial assistance to a client that will offer its services to a third party. For instance, a contribution to an incubator (*client*) that will support new entrepreneurs (*recipients*) so they can start up their enterprises.

## 2. Data Collection for Performance Information

### a. Reliability of Performance Data

For projects involving direct assistance, project results are tracked by business office advisors, as part of regular customer agreement follow-up activities. Generally speaking, the data come from enterprises' financial statements, thus yielding a high level of reliability. Instructions for using and inputting indicators and appropriate quality controls ensure standardized input of data into the Hermès financial system. In that regard, simplification and automation efforts have reduced the time advisors devote to tracking the performance of each project.

In the context of intermediary groups' projects, the Agency has introduced a new data collection strategy in order to measure the impact of IGs' intervention in relation to their recipients. This approach, which involves tracking IGs' clientele directly, is based on obtaining a list of accompanied recipients so the Agency can forward a survey to them. An initial introductory phase of this tracking strategy was carried out with respect to a group of organizations providing commercialization and export-oriented services. To date, the results obtained have been conclusive and yield more reliable information on the services offered to recipients. This procedure helps avoid a situation where an enterprise is counted twice, through direct assistance or through different intermediary groups. Note that this approach will be broadened to all IGs supported by the Agency in the years to come.

The *Technical Notes* section of Appendix 1 provides detailed information on the reliability of the data presented in this Report. Indeed, the findings of the internal audit on the integrity of the information from the Hermès system conducted by the Agency in 2009 confirm that the information contained in the Hermès Programmes application, the Agency's tracking system, is reliable for decision-making and information purposes.

### b. Extent to Which Results Can Be Attributed

The Agency works closely with several departments and agencies of the Government of Canada and the Quebec government, and with many local and regional stakeholders. This collaboration is reflected in the financial packages put together for projects. That is why the Agency cannot itself take credit or claim responsibility for all the results obtained. It is therefore fair to say that the financial assistance awarded by the Agency for the completion of projects *contributes* to attainment of the results observed.